

EXHIBIT 9



Market**Watch**

S&P downgrades Ambac again

By [Alistair Barr](#)

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Shares slump, but rebound in late trading on CDO commutation

SAN FRANCISCO (MarketWatch) -- Standard & Poor's said Wednesday that it downgraded Ambac Financial and the company's main bond insurance unit because the rating agency expects more losses from guarantees of mortgage-backed securities and collateralized debt obligations.

S&P downgraded the senior debt of Ambac Financial [ABK, +0.00%](#) to BBB from A. It also cut Ambac Assurance Corp., the bond insurance subsidiary, to A from AA. The outlook is negative.

"The company's exposures in the U.S. residential mortgage sector and particularly the related collateralized debt obligation structures have been a source of significant and comparatively greater-than-competitor losses and will continue to expose the company to the potential for further adverse loss development," S&P credit analyst Dick Smith said.

"These losses have slightly more than offset the benefits to the company of lower capital requirements that result from a declining book of business," he added.

S&P also warned that the holding company, Ambac Financial, may face added liquidity stress next year. That's because its main bond insurance unit can't pay dividends to the holding company unless its regulator, the Wisconsin Insurance Commissioner, approves.

"While the holding company currently holds cash in excess of its 2009 debt service and cash expense requirements, resumption of dividends from Ambac in 2010 and beyond, without gaining specific regulatory approval, will be dependent on Ambac's return to meaningful profitability," S&P explained.

Ambac shares slumped 33% to 76 cents after the downgrades. Rival bond insurer MBIA Inc. [MBI, +3.41%](#) also fell on Wednesday. That stock dropped 25% to \$3.79.

However, Ambac shares rebounded by almost 50% to \$1.13 in after-hours action.

Ambac said late Wednesday that it commuted, or tore up, roughly \$3.5 billion worth of guarantees on complex mortgage-related vehicles known as collateralized debt obligations. The company's main bond insurance unit paid counterparties \$1 billion in cash to settle the contracts.

The deal will improve the capital position of the bond insurance unit for rating agencies, Ambac said.

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